(c) Different banks are expected to go in for public issues of equity at different times depending on their need for capital.

Capital gains of FIIs through Mauritius and Sisali routes

† 238. DR. MAHESH CHANDRA SHARMA: Will the Minister of FINANCE be pleased to state:

(a) the amount of capital gains earned by foreign institutional investors through controversial Mauritius and Sisali Route which is outside the gemat tax net; and

(b) the amount of income tax due on them as per the notices issued by the Department of Income Tax?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR): (a) Information regarding capital gains and loss on sale of shares is not maintained.

(b) A demand of Rs. 23.05 crores has been raised against some Mauritius based Foreign Institutional Investors in respect of dividends and capital gains for the assessment year 1997-98 in the orders issued in March, 2000.

Value of Rupee vis-a-vis US Dollar

239. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the rupee value against US dollar suddenly declined during the last few months;

(b) if so, what are the details thereof stating the extent of fall in the Rupee value;

(c) what are the major *reasons* for decline in the Rupee value stating its overall impact on the country's economy; and

(d) what steps have been taken by Government to stabilise the Rupee value?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR): (a) to (c) The exchange rate of the rupee against the US dollar was under downward pressure from mid-May 2000 to mid-

† Original notice of the question was received in Hindi.

June 2000, reflecting, partly, the strengthening of the US dollar against other major currencies in the international markets and partly some market correction in the nominal exchange rate for the fact that the rate of inflation in India was higher than the rates of inflation in India's major markets, leading to some appreciation of rupee in real effective exchange rate terms. The RBI took necessary steps to contain the volatility. As a result, the rupee-dollar rate stabilized in the subsequent periods. On July 14, 2000, the exchange rate was Rs. 44.705 per US dollar compared with Rs.43.635 at the end of April, 2000, a depreciation of rupee of about 2.3 per cent.

The movement in the exchange rate of the rupee during recent months nevertheless, corrected for the appreciation of rupee in real effective exchange rate terms, which has occured because of the inflation differential between India and her major trading partners. The market correction in the exchange rate will also offset some of the competitive disadvantages arising from the sharp depreciation of currencies of our competitors in South Asia and neighbouring countries. This is expected to give a boost to our exports, the growth of which had faltered in recent years. The rupee depreciation is also expected to restrain imports and will help strengthen our efforts at cost effective import substitution.

(d) The exchange rate of the rupee in India is market determined. The movements in the nominal exchange rate of the rupee vis-a-vis the US dollar over the years reflect the developments in the foreign exchange market conditions in India. Movements of the rupee against the dollar also reflect to some extent the movement of the dollar against other major currencies in the international markets. The exchange rate developments are closely monitored both by the Government and the Reserve Bank of India (RBI). The RBI, as and when necessary, intervenes in the foreign exchange markets and deploys suitable monitary and other measures to effectively counter speculative pressures on the rupee, to even out lumpy demand and supply in the relatively thin foreign exchange market and to ensure orderly foreign exchange market conditions.

Shortage of small denomination Currency Notes and Coins

240. SHRI CO. POULOSE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the grave shortage of small denomination notes and coins in many parts of the country; and